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BUDGET DIGEST

2014-15

J.A.S.B. & Associates
Chartered Accountants

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PREAMBLE

This digest summarises the important changes proposed in the Finance Bill 2014 (herein after referred as "Finance Bill") relating to Income Tax, Sales Tax, Federal Excise Duty and Customs etc. and has been prepared for the guidance and information of our clients and staff only.

Subject to approval of the National Assembly, all changes through the Finance Bill are effective from July 1, 2014, unless otherwise specifically stated.

It is recommended that while considering the application of the proposed amendments discussed here-in-after, reference should be made to the specific wordings of the relevant statute.

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VOTE OF THANKS

We would like to sincerely thank the team JASB for putting in round the clock efforts to make this Budget Digest 2014-15 possible in such a short time. We hope and believe that this document would assist our clients and team members in better understanding and evaluation of the Budget proposals. As part of our strategy for continuous improvement, we would appreciate feedback on the document.

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1. BUDGET AT A GLANCE

The Government has presented its budget for the financial year 2014-15. Total Net Revenue Receipts are estimated to be Rs. 2,225 billion and Total Federal Expenditure excluding Repayment of Long Term Foreign Debt is estimated to be Rs. 3,969 billion creating a fiscal deficit of Rs. 1,743 billion.

Fiscal Deficit is planned to be financed by Net Capital receipts of Rs. 690 billion, Net External Loans of Rs. 535 billion, Provincial Surplus of Rs. 289 billion and Bank Borrowings of Rs. 228 billion.

	2014-15	Revised 2013-14	Change %
	Rupees in Billion		
SOURCES OF FUNDS			
Net Revenue Receipts	2,225.32	2,183.81	1.90
Net Capital Receipts	690.62	600.06	15.08
Provincial Surplus	289.29	183.04	58.08
External Receipts	868.61	714.11	21.64
Bank Borrowings	227.91	376.27	(39.43)
Total	4,301.75	4,057.29	6.03

APPLICATION OF FUNDS

Repayment of Long Term Foreign Debt	333.18	263.58	26.41
Interest Payment	1,325.23	1,187.27	11.62
Pension	215.00	187.68	14.56
Grants	370.78	335.93	10.37
Subsidies	203.25	323.02	(37.08)
Running of Civil Government	290.66	271.35	7.12
Provision for Pay and Pension Reforms	25.00	-	
Defense Affairs and Services	700.15	629.75	11.18
Development Expenditure	838.50	858.71	(2.35)
Total	4,301.75	4,057.29	6.03

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Comparison with revised Budget 2013-14

Revenue

Net Revenue Receipts are expected to increase by 1.9%, Capital Receipts by 15%, Provincial Surplus by 58% and External receipts by 22%. However, Bank Borrowings are expected to decrease by 39% from revised budget of 2013-14.

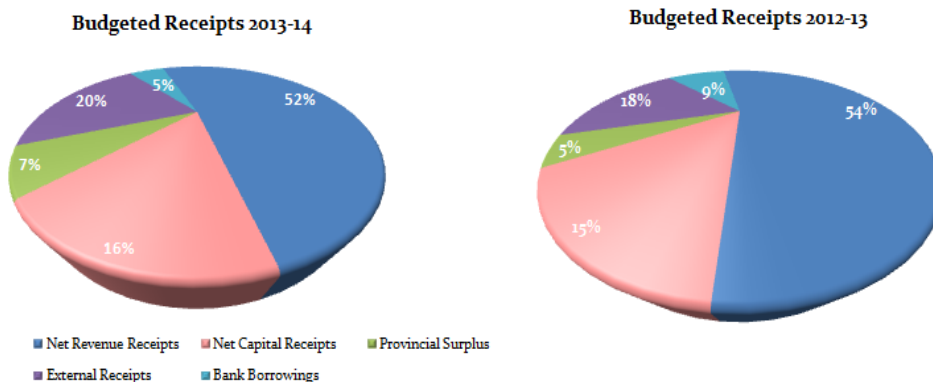
Expenditure

Development Expenditure (PSDP) remains almost the same with a decrease of 2.35%. Subsidies have also been reduced by 37%. Repayment of Foreign Debt is increased by 26%, Interest Payments by 12%, Pension by 15%, Grants by 10%, Defense Affairs and Services by 11% and Running of Civil Government by 7%.

Composition of Revenue and Expenditure

Revenue

Composition of Total Net Receipts after the share of provinces from Gross Revenue is transferred shows that Net Revenue Receipts make up 52% (down by 2% from revised budget of 2013-14) of the Total Net Receipts, External Receipts make up 20% (up by 2% from revised budget of 2013-14) and Capital Receipts make up 16% (up by 1% from revised budget of 2013-14).



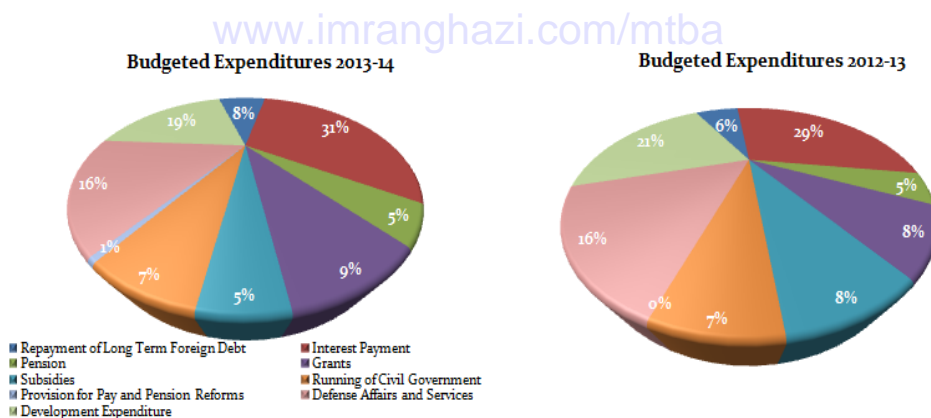
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Estimated Indirect taxes in the form of Sales Tax, Customs Duty and Federal Excise Duty amounting to Rs. 1,630 billion constitute 41% of the Gross Revenue Receipts (i.e. before transferring the share of provinces) amounting to Rs. 3,945 billion whereas Direct Taxes on income amounting to Rs. 1,180 billion make up 30%.

Expenditure

Interest payments on Local and Foreign loans amounting to Rs. 1,325.23 billion make up 31% (up by 2% from revised budget of 2013-14) of the total expenditure. Other major components of total expenditure include Development Expenditure (PSDP) 19% (down by 2% from revised budget of 2013-14), Defense Affairs and Services 16% (No change from revised budget of 2013-14), Grants 9% (up by 1% from revised budget of 2013-14), Repayment of Foreign Loans 8% (up by 2% from revised budget of 2013-14) and Running of Civil Government 7% (No change from revised budget of 2013-14).



2. SALIENT FEATURES

INCOME TAX

- 50% reduction in tax liability is introduced for disabled persons
- No change in rate of tax for salaries & non-salaried individuals under normal tax regime
- Concept of filer & non-filer introduced to facilitate compliant persons and penalize non-compliant persons
- Capital Gain Tax proposed to be levied in respect of securities held for more than twelve months but less than twenty four months
- Companies as members of Joint Ventures are proposed to be taxed separately from Joint Venture
- Exemptions from non-profit organizations, trusts, welfare institutions and other organizations are proposed to be withdrawn and replaced by tax credits for compliant organizations
- Concept of Alternative Corporate Tax is proposed to be introduced to tax higher of taxable income and adjusted accounting income
- Cost & Management Accountants with 10 or more years of practice experience are proposed to be made eligible for accountant member of Appellate Tribunal Inland Revenue
- Conditions to opt for normal tax regime are proposed to be modified for persons whose income is under FTR as importers, suppliers, contractors, export houses & commission agents.
- Concept of compulsory registration is proposed to be introduced
- Rates of tax on companies have been announced to be reduced to 33% though relevant changes in law have not been proposed under the Finance bill.
- Bonus shares are proposed to be brought under the tax net
- Withholding tax rate is proposed to be introduced/ increased in respect of supplies, services, contracts, imports, motor vehicles, immovable property, domestic electricity bills, steel sector, and international air ticket etc.

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- Exemption proposed for Sindh Provide Pension Fund, Greenstar Social Marketing Pakistan (Guarantee) Limited, China Overseas Ports Holding Company Limited, fruity processing or preservation units in Baluchistan, Malkand, Gilgit Baltistan and FATA, Coal mining project in Sindh, industrial undertaking with 50% owner equity foreign direct investment
- Initial depreciation on building proposed to be reduced from 25% to 10%
- Taxation of dividend and capital gains for banking companies proposed to be modified

SALES TAX

- Rationalization of sales tax on steel sector, ship breakers and steel melters operating in the sugar mills
- Chargeability of additional sales tax @ 5% in case of monthly electricity bill up to Rs. 20,000 and @ 7.5% of the monthly electricity bill exceeding Rs. 20,000.
- Input tax adjustment is proposed to be restricted only to the extent of goods and services actually used in manufacturing/sales of the taxable activity.
- Replacement of capacity tax on aerated waters.
- Further tax charged @ 1% on supplies made to unregistered persons is being specifically excluded from the purview of output tax.
- Transposition of various SROs through insertion of Fifth Schedule.
- Transposition of zero-rating facility for dairy and stationery industry and input materials of these industries.
- It is being proposed to grant exemption to high efficiency irrigation equipment and greenhouse farming equipment in order to promote agriculture.
- Reduction in rate of sales tax on local supply of tractors is being proposed.
- Exemption from sales tax to import and supply of "Cochlear Implants System" (Hearing Aids) is being introduced.
- Exemption on import of plant, machinery and equipment for Gilgit-Baltistan, Baluchistan Province and Malakand Division and FATA is being

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proposed to promote industrialization, job creation and economic uplift of the less developed regions.

- Specific rates of sales tax on mobile phones are being introduced to protect the revenue and strengthen the legal support for charging of sales tax.
- Uniform treatment of crude palm oil is being proposed so that exemption of sales tax and charging Federal Excise Duty is being done as in case of other edible oils.

FEDERAL EXCISE DUTY

- Exclusion of Federal Excise Duty on Telecommunication Services subject to Provincial Sales Tax is being proposed.
- Federal Excise Duty on cigarettes is proposed to be enhanced.
- Federal Excise Duty on the cement sector is being replaced from specific basis (Rs. 400 per MT) to 5% on retail price.
- Federal Excise Duty on international travel is being enhanced.
- Federal Excise Duty on chartered flights is being proposed to be levied at the standard rate on full amount charged Enforced through Finance Bill, 2014, effective from 01.07.2014.
- Reduction in rate of Federal Excise Duty on Telecommunication Services is being proposed
- Withdrawal of FED @ 10% on locally manufactured motor vehicles exceeding 1800cc.
- FED @ 10% is proposed to be imposed on imported motor cars, Sports Utility Vehicles (SUVs) and other motor cars exceeding 1800cc.

CUSTOMS

- Plant, machinery and equipment imported for setting up fruit processing and preservation industrial units in Gilgit-Baltistan, Baluchistan and Malakand Division are proposed to be exempted from whole of customs duty.

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- Plant, machinery and equipment imported for setting up industries in FATA are proposed to be exempted from whole of customs duty.
- Customs duty on UPS (PCT code 8504.4010) proposed to be reduced from 20% to 15%.
- Customs duty on petroleum coke not-calcined (PCT code 2713.1100) proposed to be decreased from 5% to lowest slab of 1%.
- Maximum general tariff rate of 30% is proposed to be reduced to 25%.
- Exemption of duty and taxes on Hybrid Electric Vehicles (HEVs) rationalized: HEVs up to 1800 cc granted 50% exemption of duty and taxes and above 1800 cc granted 25% exemption of duty and taxes.
- Substitution of 0% duty slab with 1% customs duty in Tariff.
- Customs duty on networking equipment proposed to be increased from 5% to 10%.
- Customs duty on flat-rolled products of alloy steel increased from 0% and 5% to 10%.
- Customs duty @ 5 % levied on import of generators above 1100 KVA (PCT code 8502.1390).
- Customs duty 15% levied on dyes except basic dyes and indigo blue dyes.
- Customs duty 10% on all kinds of CDs/DVDs. Customs duty on flavoring powders (enhanced from 10% to 20% to avoid misclassification
- Custom Duty 10% levied on Liquid paraffin and White oil being same in nature.
- Customs duty on dryers increased from 5% to 10%.
- A uniform rate of 15% levied on starches to rationalize duty structure and avoid classification disputes.
- Customs duty on coloring matters enhanced from 5% to 10% to reduce the chance of misclassification.
- Customs duty on Satellite mobile phones whether or not functional on cellular networks reduced from 25% to 10%.
- Regulatory duty levied on luxury goods.

3. INCOME TAX

Filer & Non-filer

[Section 2(23A) and 2(35C)]

Definition of “filer” is proposed to be included by insertion of clause 23A under section 2. “Filer” is proposed to be defined to mean a taxpayer whose name appears in the active taxpayers’ list issued by the Board from time to time or is holder of a taxpayer’s card.

Definition of “Non-filer” is proposed to be included through insertion of clause 35C whereby “non-filer” is proposed to mean a person who is not a filer.

Section 181A and 181B empower the Board to institute/ regulate “active taxpayers’ list” and make a scheme for “taxpayer honor card” respectively. Rules for active taxpayers’ list are already provided under rule 81B of the Income Tax Rules 2002 while a scheme was launched for taxpayer honor card whereby top 100 taxpayers of four different categories were issued taxpayer honor cards valid for a period of one year beginning from first day of March and ending on Twenty Eighth day of February each year.

The definition of “filer” and “non-filer” have larger implications due to various changes proposed to be brought through Finance bill 2014-15 and discussed in this document whereby “non-filers” are proposed to be taxed at higher rates as compared to “filers”.

The purpose of this proposed change is to discourage non-compliance with tax laws and address the concerns of citizens who pay due taxes regarding them having higher cost of business than tax evaders. Therefore, it is proposed that withholding agents shall collect extra adjustable advance tax from non-filers, in addition to tax collectable from filers.

However, any person can avoid the payment of this advance tax by prior filing of return or can claim adjustment or refund of the advance tax deducted by

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filing return after the payment. The relevant sections and rates of tax on filers and non-filers are as under:

SECTION	NATURE OF PAYMENT	RATE FOR FILER	RATE FOR NON-FILER
		Percentage	
150	Dividend	10	15
151	Profit on debt exceeding Rs.500,000	10	15
231A	Cash withdrawal	0.3	0.5
231B	Motor vehicle tax	Slab rates, please see commentary under relevant section heading	
234	Motor vehicle tax	Slab rates, please see commentary under relevant section heading	
236C	Sale or transfer of immovable property	0.5	1
236K	Purchase of immovable property	1	2
236L	International Air ticket	3	6

Bonus Shares www.imranghazi.com/mtba

[Section 2(29), Section 39(1)(m) and Section 236M]

Definition of “Income” provided under section 2(29) is proposed to be modified. The definition currently excludes from “income”, face value of bonus shares or the amount of bonus declared, issued or paid by the company to the shareholders with a view to increasing her paid up share capital. The purpose of this proposed change is taxation of bonus shares at the time of issuance.

Last year, clause 103B, part I, Second Schedule was deleted for the same purpose i.e. taxing bonus shares however due to bonus shares being excluded from the definition of “income” the purpose was not achieved. Result was that bonus shares continued to remain exempt from tax however at the time of sale of bonus shares capital gain tax was attracted as per CBR (now FBR) letter C.No.1(13)IT-1/72 dated May 18, 1972 upheld as correct interpretation by Supreme Court vide its order dated April 26 1992 reported as 66 TAX 6 (S.C.Pak).

Now definition of “income” under section 2(29) is proposed to be modified to include bonus shares along with proposed insertion of clause “m” under section 39(1) whereby “income arising to the shareholder of a company from issue of bonus shares” is proposed to be charged to tax under the head “Income from Other Sources”.

Section 236M is proposed to be inserted for collection of tax @ 5% on the value of bonus shares determined on the basis of day-end price on the first day of closure of books. The tax so collected is proposed to be final tax in respect of income of the shareholder of the company arising from issuance of bonus shares. However taxation of capital gain arising from sale of such bonus shares still has the potential to be a moot point between taxpayers and FBR.

Definitions – Special Judge

[Section 2(59B) and Section 203]

Clause 59B is proposed to be inserted to provide definition of “Special Judge” while a proviso is proposed to be added to section 203 empowering the Federal Government to declare that a special judge appointed under section 185 of Customs Act 1969 shall have jurisdiction to try offences under Income Tax Ordinance, 2001.

Dividend

[Section 2(61A), Section 5, Section 150, Division III (Part I, First Schedule), Division I (Part III, First Schedule), Clause 17 & 20 (Part II, Second Schedule)]

Currently section 5 provides for imposing tax on dividend income and section 150 provides for responsibility of withholding agent in respect of dividend income. Both sections refer to Division III, Part I of First Schedule for applicable tax rates. Division III provides 10% rate of tax on dividend while clause 17 & 20 (part II, Second Schedule) provides for a reduced rate of 7.5% on dividend in case of dividends declared or distributed by purchaser of a power

project privatized by WAPDA and dividend declared or distributed on shares of a company set up for power generation.

The proposed changes seek to rearrange the above referred scheme by providing rates of tax under Division III (Part I, First Schedule) and Division I (Part III, First Schedule) for section 5 & section 150 respectively while reduced rates referred above are also proposed to be provided in the aforesaid divisions with simultaneous deletion of aforementioned clause 17 & 20. Accordingly rates of 7.5% and 10% remain intact as previously except for some changes discussed hereunder.

Moreover Clause 61A is proposed to be inserted to provide definition of “stock fund” which is proposed to mean a collective investment scheme or a mutual fund where the investible funds are invested by way of equity shares in companies, to the extent of more than seventy percent of the investment. Division III (Part I, First Schedule) is also proposed to provide that dividend received by a person from a stock fund shall be taxed at the rate of 12.5% for tax year 2015 and onwards, if dividend receipts are less than capital gains.

Division III (Part I, First Schedule) is also proposed to provide that dividend received by a company from a collective investment scheme or a mutual fund, other than a stock fund, shall be taxed at the rate of 25% for tax year 2015 and onwards.

Division I, Part III, First Schedule is proposed to be substituted whereby 7.5% and 10% rate as previously are proposed to remain intact for section 150 except that payment of dividend to non-filers is now proposed to be subject to 15% withholding tax while 5% extra withholding tax is adjustable.

The following withholding rates are also proposed to be inserted:

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CATEGORY OF PERSON	STOCK FUND	MONEY MARKET FUND, INCOME FUND OR ANY OTHER FUND
	Percentage	
Individual	10	10
Company	10	25
AOP	10	10

Moreover, the proposed substitution of Division I (Part III, First Schedule) also provides that in case of a stock fund if dividend receipts of the fund are less than capital gains the rate of deduction of tax shall be 12.5%.

Capital Gains

[Section 37(1A) and Division VIII, Part I, First Schedule]

Capital gains arising from disposal of immovable property were brought under tax net by insertion of sub-section 1A to section 37 through Finance Act 2012 whereby gains arising from disposal of immovable property held for a period up to two years were made chargeable to tax.

As explained vide circular # 2 of 2012 dated July 27, 2012, the intention was to tax only such gains arising from sale of immovable property held up to a two years while gains arising from sale of immovable property held for a period of more than two years were to remain exempt from tax.

However, the language of section 37(1A) was not very clear in this regard and could lead to contrary interpretations. Now section 37(1A) is proposed to be modified by excluding reference to two year period while serial # 3 is proposed to be included in the table under Division VIII, Part I of First schedule specifying zero percent rate of tax in respect of gains arising from immovable property held for a period of more than two years. The proposed amendment appears to be aimed at rectifying the previous error.

Capital Gains on Sale of Securities

[Section 37A, Division VII, Part I, First Schedule and Section 100B]

Capital gains arising from sale of securities were brought under tax net by insertion of section 37A through Finance Act 2010 whereby gains arising from sale of securities held for a period up to twelve months/one year were made chargeable to tax while gains arising from sale of securities held for a period of more than twelve months/one year remained exempt.

Now the first proviso to section 37A(1) is proposed to be deleted while rate of 10% is proposed to be levied by modification in Division VII (Part I of First Schedule) in respect of securities “held for a period of more than twelve months but less than 24 months”, however, it is pertinent to note that subsection 1 of section 37A still provides for taxability of capital gains from disposal of only such securities which are “ held for a period of less than a year”.

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Apparently the deletion of proviso was meant to provide authority for levy of tax on securities held for a period of more than 12 months however in view of the presence of words “held for a period of less than a year” mean that now there is an apparent conflict between section 37A(1) and Division VII (Part I, First Schedule).

Section 37A(1) provides for levy of tax on securities held for a period of less than a year while Division VII is levying tax on securities held for a period of more than 12 months without authority of a charging section. As per settled principle of law, where there is conflict between two legal provisions, the one favoring the taxpayer is to prevail.

The rates of taxation of capital gains arising from sale of securities given in Table under Division VII, Part I, First Schedule are proposed to be amended as follows:

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PERIOD	TAX YEAR	RATE OF TAX
Where holding period of a security is less than six months.	2011	10%
	2012	10%
	2013	10%
	2014	10%
Where holding period of a security is more than six months but less than twelve months.	2011	7.5%
	2012	8%
	2013	8%
	2014	8%
Where holding period of a security is less than twelve months.	2015	12.5%
Where holding period of a security is twelve months or more but less than twenty four months.	2015	10%
Where holding period of a security is twenty four months or more.	2015	0%

Capital Gains arising from the sale of “debt securities” are proposed to be taxed in the manner similar to other “securities”.

Accordingly, section 37A has been amended to include debt securities in the definition of securities while debt securities have also been defined in detail.

Section 100B is also proposed to be modified whereby clause “d” of sub-section 2 is proposed to be replaced so that a company in respect of debt securities is excluded from purview of rules for the computation of capital gains on listed securities laid down under Eighth Schedule.

The proposed modification in clause “d” of section 100B(2) is also aimed at bringing foreign institutional investors in stock exchange under the withholding tax regime of Eighth Schedule.

Sale of Spectrum License

[Section 49]

A proviso is proposed to be inserted aimed at providing exemption income of PTA from sale of spectrum licenses on behalf of Federal Government. The

exemption is proposed to be provided retrospective effect from first day of March 2014.

Taxation of Association of Persons with share of companies

[Section 88A & Section 92]

Section 88A is proposed to be deleted and Section 92 is proposed to be modified. The proposed change is apparently aimed at facilitating non-resident companies investing in Pakistan particularly those engaged in construction activities.

Non-resident companies engaged in construction activities are required under bye-laws of Pakistan Engineering Council to form Joint Venture with a local entity.

The bye-laws are aimed at providing benefit to local companies so they could gain technical knowledge and expertise by working with foreign companies, however, forming such joint venture was putting the foreign companies at a disadvantage under tax laws as the contract receipts of such joint ventures were taxed as final tax under section 153(1)(c) read with section 169, in the hands of joint ventures being Association of Persons.

To facilitate, the non-residents, it is proposed that if one member of the joint venture is a company, it should be taxed separately at the applicable rate while the individuals should be taxed as an AOP separately.

Tax Credit for certain persons

[Section 100C & Clause 58, 58A, 59, 60 of Part I of Second Schedule]

Section 100C is proposed to be inserted and clause 58, 58A, 59 and 60 of Part I, Second Schedule are proposed to be deleted. The aforementioned clauses provided exemptions to certain income of certain non-profit organizations, trusts and welfare institutions.

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The proposed deletion of these clauses would result in withdrawal of exemptions; however, section 100C is proposed to be inserted to allow 100% tax credit instead of exemption to these organizations. The tax credit is also proposed to be available from minimum tax and final taxes subject to following conditions, namely:

- Return has been filed;
- Tax required to be deducted or collected has been deducted or collected and paid; and
- Withholding tax statements for the immediately preceding tax year have been filed.

Minimum Tax

[Section 113, Division IX(Part I, First Schedule), Clause 7, 8, 9, 10, 12, 13, 14, 15 (Part III, Second Schedule)]

Section 113 is proposed to be modified and Division IX is proposed to be inserted under Part I of First Schedule while clauses 7, 8, 9, 10, 12, 13, 14 & 15 of Part III, Second Schedule are proposed to be deleted.

Section 113 provides for levy of minimum tax @ 1% for tax year 2014 while clauses 7, 8, 9, 10, 12, 13, 14 & 15 provide reduction in tax liability for certain sectors/ organizations.

Section 113 is proposed to be modified to refer to proposed Division IX, Part I of First Schedule where rates of minimum tax are prescribed for different sectors/ organizations.

The proposed change does not affect the previous minimum tax regime except for distributors of cigarettes and consumer goods including fast moving consumer goods.

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Currently distributors of cigarettes enjoy reduction of 80% minimum tax for distribution of cigarettes “manufactured in Pakistan” however the new proposed regime does not appear to put restriction of “manufactured in Pakistan”.

Distributors of consumer goods including fast moving consumer goods also enjoy 80% reduction in minimum tax rates however the new proposed regime appears to withdraw this reduction in minimum tax rates from such distributors.

The proposed rates of minimum tax are as follows:

S.NO.	PERSONS	MINIMUM TAX RATE
1	a. Oil marketing companies, oil refineries, Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds Rs. One billion) b. Pakistan International Airlines Corporation; and c. Poultry industry including poultry breeding, broiler production, egg production and poultry feed production	0.5%
2	a. Distributors of pharmaceutical products, fertilizers and cigarettes; b. Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; c. Rice mills and dealers; and d. Flour mills	0.2%
3	Motorcycle dealers registered under the Sales Tax Act, 1990	0.25%
4	All other cases	1 %

Alternative Corporate Tax

[Section 113C]

A new tax regime is proposed to be introduced through proposed insertion of section 113C whereby tax payable by a company is proposed to be higher of Corporate Tax or Alternative Corporate Tax.

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Overriding effect is proposed to be given to section 113C while it is proposed to be made effective for **tax year 2014 and onwards**.

Corporate tax is proposed to be defined to include normal tax, minimum tax and final tax payable excluding those provided under section 8 (dividend, royalty & fee for technical services of non-resident and shipping & air transport income of non-residents), section 161 & 162 relating to cases of default by withholding agent.

Alternate corporate tax is proposed to mean tax at the rate of 17% of a sum equal to accounting income before tax for the tax year as disclosed in the financial statements.

The aforementioned accounting income is proposed to exclude share from associate recognized under equity method of accounting, exempt income, income subject to tax under section 37A relating to capital gains explained therein and final tax under section 148 (imports), 150 (dividend), 153 (supplies & contracts), 154 (exports), 156 (prize bonds) and 233 (commission), income subject to tax credit under section 65D and 65E.

The amount arrived at after is proposed to be referred as “taxable income” for the purpose of section 113C.

The expenses appearing in the financial statements of companies are proposed to be apportioned between aforementioned “taxable income” and the amount to be excluded from accounting income except share from associate.

The Commissioner is also empowered to make adjustments and proceed to compute accounting income as per historical accounting pattern after providing an opportunity of being heard.

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The accounting income arrived at after aforementioned exclusions and adjustments are proposed to be charged to tax @ 17% being "Alternate Corporate Tax" where "Corporate Tax" is lower than "Alternate Corporate Tax".

The Alternate Corporate Tax paid in excess of Corporate tax for the tax years is proposed to be allowed to be carried forward and adjusted against the normal tax payable calculated under Division II (Part I, First Schedule).

The unadjusted Alternate Corporate Tax is proposed to be allowed to be carried forward for ten years immediately succeeding the tax year for which the excess was first computed.

However, it is also proposed that such proposed adjustment and carry forward shall not prejudice or affect the entitlement of the taxpayer regarding carry forward and adjustment of minimum tax referred to in section 113 of Income Tax Ordinance, 2001.

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Tax credit under section 65B is allowed against Alternate Corporate Tax.

It is also proposed that whereby corporate tax or Alternate Corporate Tax is enhanced or reduced as a result of any amendment, or as a result of any order, the excess amount to be carried forward shall be reduced or enhanced accordingly.

Alternate Corporate tax is not applicable to insurance companies, oil & mineral sector companies and banks.

The proposed amendments introducing the Alternate Corporate Tax Regime do not appear to allow adjustment of brought forward tax losses (if any) available to the taxpayer against above referred accounting income of taxpayer.

However, in our opinion, tax credits under section 4 are available to the taxpayers against Alternate Corporate Tax.

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Proposed sub-section 7 of section 113C seems to contain an error while referring to sub-section 2 of section 113C. Apparently it was meant to refer to sub-section 3 of section 113C.

Return of Income

[Section 114]

Section 114(1)(b)(ix) is proposed to be modified to the effect that only resident person, instead of any person, registered with chambers & professional bodies is required to submit an annual return of income.

Appointment of the Appellate Tribunal

[Section 130]

Section 130 is proposed to be amended whereby it is proposed to be added that a cost & management accountant (CMA) shall also be eligible to become an accountant member of appellate tribunal if such CMA has practiced professionally as a cost and management accountant within the meaning of Cost and Management Accountants Act, 1966 for a period of not less than ten years.

Imports

[Section 148, Part II of First Schedule, Clause 9B, 9C, 13E, 23, 24 (Part II, First Schedule), Clause 9AA, 41A, Clause 56B(Part IV, Second Schedule)]

Apart from technical corrections under clause d of sub-section 7, a new sub-section 8A is proposed to be inserted whereby tax collected at the time of import of ships by ship-breakers is proposed to be final tax while clause 9AA is proposed to be inserted providing exemption to ship breakers from operation of section 153(1)(a).

Part II of First Schedule is proposed to substituted with simultaneous deletion of clause 9B, 9C, 13e, 23, 24 (Part II, First Schedule).

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These proposed changes are aimed at providing all tax rates under a single table rather than spread in schedules through exemption.

Resultantly, the following rates are now provided under Part II (First Schedule) for imports under section 148:

S.NO.	PERSONS	RATE
1.	i. Industrial undertaking importing remeltable steel (PCT hearing 72.04) and directly reduced iron for its own use; ii. Persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet's decision no. ECC-155/12/2004 dated the 9 th December 2004 iii. Persons importing urea; and iv. Manufacturers covered under Notification No. S.R.O.1125(I)/2011 dated the 31 st December 2011	1% of import value as increased by customs duty, sales tax and federal excise duty
2.	Persons importing pulses	2% of import value as increased by customs duty, sales tax and federal excise duty
3.	Commercial importers covered under Notification No. S.R.O.1125(I)/2011 dated the 31 st December 2011	3% of import value as increased by customs duty, sales tax and federal excise duty
4.	Ship breakers on imports of ships	4.5%
5.	Industrial undertakings not covered under S.Nos.1 to 4	5.5%
6.	Companies not covered under S.Nos.1 to 5	5.5%
7.	Persons not covered under S.Nos.1 to 6	6%

Clause 41A relating to option of Normal Tax Regime to importers for normal tax regime is proposed to be deleted and clause 56B is proposed to be inserted.

Clause 56B is proposed to provide option to importers for adopting normal tax regime subject to the condition that minimum tax liability under normal tax

regime shall not be less than 5.5% of the imports in case of company and 6% otherwise.

Salary

[Section 149]

Directorship fee or fee for attending board meeting is proposed to be made subject to 20% adjustable withholding tax.

Profit on Debt

[Section 151, Division 1A (Part III, First Schedule)]

Rate of deduction of tax in case of non-filer is proposed to be increased to 15% where profit on debt is in excess of Rs.500,000. A proviso is also proposed to be inserted whereby in case of non-filer other than a company the final tax shall be equal to the tax deductible in the case of filer and the tax deducted in excess of that shall be advance income tax adjustable against tax liability.

Payments for Goods, Services and Contracts

[Section 153, Division III (Part III, First Schedule), Division IV (Part III, First Schedule), clause 13HH, 13HHH (Part II, Second Schedule), clause 41AAA, clause 56C, 56D, 56E, 57 (Part IV, Second Schedule)]

Contracts signed by Sports person are proposed to be made subject to final discharge of tax liability under section 153(1)(c) as contractual income.

Division III, Part III, First Schedule is proposed to be amended to increase rates as follows:

- For payments to companies in respect of supplies, rate of withholding tax is proposed to be increased from 3.5% to 4%;
- For payments to taxpayers other than companies in respect of supplies, rate of withholding tax is proposed to be increased from 4% to 4.5%;

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- For payments to companies in respect of services, rate of withholding tax is proposed to be increased from 6% to 8%;
- For payments to taxpayers other than companies in respect of services, rate of withholding tax is proposed to be increased from 8% to 10% (note that current rate is 7% while finance bill inadvertently mentions rate of 8%);
- For payments to companies in respect of contracts, rate of withholding tax is proposed to be increased from 6% to 7%;
- For payments to taxpayers other than companies in respect of contracts, rate of withholding tax is proposed to be increased from 6.5% to 7.5%;
- For payment to sportsperson, rate of 10% withholding tax is proposed to be prescribed;
- In respect of export houses referred in sub-section 2 of section 153, withholding rate is proposed to be increased from 0.5% to 1%.

Apart from the above, reduced rates in respect of sale of rice under clause 13HH and 13HHH of Part II, Second schedule are also proposed to be withdrawn.

Clause 41AAA (Part IV, Second Schedule) providing facility to suppliers (whose income is subject to final tax under section 153(1)(a)) for opting normal tax regime is proposed to be withdrawn while clause 56C (Part IV, Second Schedule) is proposed to be inserted whereby option to adopt normal tax regime is proposed to be made available subject to the condition that minimum tax liability shall not be less than 3.5% of the gross amount of sales, if the person is a company and 4% otherwise.

Facility to opt for normal tax regime is also proposed to be made available to contractors whose income is currently subject to final tax under section 153(1)(c).

The option is proposed to be made available through insertion of clause 56D (Part IV, Second Schedule) subject to the condition that minimum tax liability

under normal tax regime shall not be less than 6% of contract receipts, if the person is a company and 6.5% otherwise.

Facility to opt for normal tax regime is also proposed to be made available to export houses whose income is currently subject to final tax under section 153(2). The option is proposed to be made available through insertion of clause 56E (Part IV, Second Schedule) subject to the condition that minimum tax liability under normal tax regime shall not be less than 0.5% of services received. Such persons opting to avail the facility of normal tax regime under aforementioned clauses are required to file return of total income along with accounts and documents as may be prescribed.

An explanation is also proposed to be added to clause 57 (Part IV, Second Schedule) with the intention to clarify that exemption from application of section 153 under clause 57 is available to companies operating trading houses only as a recipient not as a withholding agent.

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Export

[Section 154, Clause 41AA, Part IV, Second Schedule]

Facility available to exporters for opting normal tax regime is proposed to be withdrawn through deletion of clause 41AA, Part IV of Second Schedule.

Petroleum Products

[Section 156A, Division VIA (Part III, First Schedule), clause 56F (Part IV, Second Schedule)]

Rate of tax in respect of commission income of petrol pump operators is proposed to be increased to 12% however it shall remain under final tax regime.

Facility to opt for normal tax regime is also proposed to be made available to petrol pump operators whose income is currently subject to final tax under section 156A.

The option is proposed to be made available through insertion of clause 56F (Part IV, Second Schedule) subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of commission or discount received.

Such persons opting to avail the facility of normal tax regime are required to file return of total income along with accounts and documents as may be prescribed.

Compulsory registration in certain cases

[Section 181AA]

Section 181AA is proposed to be inserted whereby registration under section 181 is proposed to be made mandatory for provision of commercial or industrial connection of electricity or natural gas.

Advance tax on private motor vehicles

[Section 231B, Division VII (Part IV, First Schedule)]

Scope of section 231B is proposed to be enhanced. It is proposed that advance tax shall be collected at the time of registration of new locally manufactures motor vehicle except where tax has been collected at the time of transfer of registration or ownership or import under section 148.

Advance tax is also proposed to be collected under section 231B at the time of transfer of registration or ownership of private motor vehicle. It is also proposed that manufacturer of motor car or jeep shall also collect advance tax at the time of sale of motor car or jeep.

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Advance tax collected above is proposed to remain adjustable while provisions of this section shall not apply to federal government, provincial government, local government, foreign diplomat or diplomatic mission in Pakistan.

Rate of tax on purchase of private motor cars or jeep is proposed to be increased as follows:

ENGINE CAPACITY	CURRENT RATE	PROPOSED RATE (FILER)	PROPOSED RATE (NON-FILER)
	Rupees		
Up to 850 CC	10,000	10,000	10,000
851 to 1000 CC	20,000	20,000	25,000
1001 to 1300 CC	30,000	30,000	40,000
1301 to 1600 CC	50,000	50,000	100,000
1601 to 1800 CC	75,000	75,000	150,000
1801 to 2000 CC	100,000	100,000	200,000
2001 to 2500 CC	150,000	150,000	300,000
2501 to 3000 CC	150,000	200,000	400,000
Above 3000 CC	150,000	250,000	450,000

Brokerage & Commission

[Section 233, Division II (Part IV, First Schedule), Clause 26 (Part II, Second Schedule)]

Rate of tax in respect of commission income of advertising agents is proposed to be increased from 5% to 7.5% while for others the rate of tax is proposed to be increased from 10% to 12%.

Facility to opt for normal tax regime is also proposed to be made available to commission agents whose income is currently subject to final tax under section 233.

The option is proposed to be made available through insertion of clause 56G (Part IV, Second Schedule) subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of commission. Such

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persons opting to avail the facility of normal tax regime are required to file return of total income along with accounts and documents as may be prescribed.

Tax on motor vehicles

[Section 234, Division III (Part IV, First Schedule)]

Rate of tax at the time of payment of motor vehicle tax for private motor cars is proposed to be increased as follows:

ENGINE CAPACITY	CURRENT RATE	PROPOSED RATE (FILER)	PROPOSED RATE (NON-FILER)
	Rupees		
Up to 1000 CC	750	1,000	1,000
1001 to 1199 CC	1,250	1,800	3,600
1200 to 1299 CC	1,750	2,000	4,000
1300 to 1499 CC	3,000	3,000	6,000
1500 to 1599 CC	3,000	4,500	9,000
1600* to 1999 CC	4,000	6,000	12,000
2000 CC & above	8,000	12,000	24,000

* Finance bill mistaken shows 1,500 instead of 1,600

Rate of tax at the time of payment of motor vehicle tax where the motor vehicle tax is collected in lump sum is proposed to be increased as follows:

ENGINE CAPACITY	CURRENT RATE	PROPOSED RATE (FILER)	PROPOSED RATE (NON-FILER)
	Rupees		
Up to 1000 CC	7,500	10,000	10,000
1001 to 1199 CC	12,500	18,000	36,000
1200 to 1299 CC	17,500	20,000	40,000
1300 to 1499 CC	30,000	30,000	60,000
1500 to 1599 CC	30,000	45,000	90,000
1600 to 1999 CC	40,000	60,000	120,000
2000 CC & above	80,000	120,000	240,000

Domestic Electricity Consumption

[Section 235A, Division XIX (Part IV, Second Schedule)]

Adjustable advance tax is proposed to be collected @7.5% on the amount of bill amount in respect of domestic monthly electricity bills equal to or exceeding Rs.100,000.

Tax on Steel Melters, Re-rollers etc.

[Section 235B, Clause 24B (Part II, Second Schedule), clause 9A (Part IV, Second Schedule)]

Non-adjustable tax is proposed to be collected from steel melters, steel re-rollers, composite steel units, registered for the purpose of Chapter XI of Sales Tax Special Procedure Rules, 2007 at the rate of one rupee per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS products) excluding stainless steel.

The tax so collected is proposed to be deemed to be the tax required to be deducted under section 153(i) on the payment of local purchase of scrap.

Clause 24B (Part II, Second Schedule) is accordingly proposed to be withdrawn while clause 9A (Part IV, Second Schedule) is proposed to be inserted providing exemption from application of section 153(i)(a).

Telephone users

[Section 236, Division V (Part IV, First Schedule)]

Rate of advance in the case of subscriber of mobile telephone and pre-paid telephone card is proposed to be reduced from 15% to 14% of the amount of bill or sales price of pre-paid telephone card or sale of units through any electronic medium or whatever form.

Advance Tax on Purchase of Air Ticket

[Section 236B & 236L, Division XX (Part IV, First Schedule)]

Section 236B is proposed to be modified to make airlines responsible for collection of advance tax rather than person preparing domestic air ticket.

Section 236L is proposed to be inserted for collection of adjustable advance tax in respect of international air tickets other than economy whereas 3% rates are proposed for filers and 6% for non-filers.

Advance Tax on Functions & Gatherings

[Section 236D]

Advance tax on functions & gathering is proposed to be reduced from 10% to 5%.

Advance Tax on Purchase or Transfer of Immovable Property

[Section 236K, Division XVIII (Part IV, First Schedule)]

Section 236K is proposed to be inserted for collection of adjustable advance tax from the purchaser or transferee of immovable property except where the value of property is up to Rs.3 million, the buyer or transferee is federal government, provincial government, a local government or a foreign diplomatic mission in Pakistan.

Moreover, the proposed section shall not apply to a scheme introduced by the federal government, provincial government or an authority established under a federal or provincial law for expatriate Pakistanis. The rates of tax are proposed to be 1% for filers and 2% for non-filers however the rate of tax for non-filer shall be 1% up to the date appointed by the Board through notification in official gazette.

Disabled Person & Senior Citizen

[Division I (Part I, First Schedule), Clause 1A (Part III, Second Schedule)]

Paragraph 1B is proposed to be inserted and clause 1A is proposed to be deleted. The result of this proposed change is that facility of 50% reduction in tax liability currently available to senior citizen shall also be available to a person holding a NADRA computerized NIC for disabled person where their income is less than Rs. 1 million.

Tax Rate of Companies

[Division II (Part I, First Schedule)]

Tax rate for companies is provided under Division II (Part I, First Schedule) whereby applicable tax rate for tax year 2014 is 34%. It has been announced that the rate has been reduced to 33% but Finance bill does not provide for any change in Division II which is apparently an inadvertent mistake and needed to be rectified. www.imranghazi.com/mtba

SECOND SCHEDULE EXEMPTIONS

Compensatory Allowance

[Clause 35, Part I, Second Schedule]

Exemption to compensatory allowance is proposed to be withdrawn.

Sindh Province Pension Fund

[Clause 57, Part I, Second Schedule]

Sindh province pension fund is proposed to be exempted.

Green Star Social Marketing Ltd & Hamdard Laboratories

[Clause 66, Part I, Second Schedule]

Apart from proposed technical corrections, exemption is proposed to be extended to Greenstar Social Marketing Pakistan (Guarantee) Limited while exemption available to Hamdard Laboratories (Waqf) Pakistan is proposed to be withdrawn.

Public Sector Universities

[Clause 92A & 126, Part I, Second Schedule]

Clause 92A is proposed to be deleted however exemption for Public Sector Universities is proposed to be maintained by substitution of clause 126.

Collective Investment Scheme or REIT Scheme

[Clause 99, Part I, Second Schedule]

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A proviso is proposed to be added whereby for the purpose of determining distribution of at least 90% of accounting income by a collective investment scheme or REIT scheme, the income distributed through bonus shares, unit or certificates is proposed to be excluded from computation.

China Overseas Ports Holding Company Limited

[Clause 126A, Part I, Second Schedule]

Clause 126A is proposed to be substituted to provide exemption to China Overseas Ports Holding Company Limited for a period of twenty years, with effect from the sixth day of February 2007.

Fruit Processing or Preservation Unit

[Clause 126H, Part I, Second Schedule]

Profits and gains of taxpayers are proposed to be exempted where such profits and gains are derived from a fruit processing or preservation unit set up in Baluchistan province, Malakand Division, Gilgit Baltistan and FATA between July 1, 2014 to June 30, 2017 subject to the condition that such units are engaged in processing of locally grown fruits, for a period of 5 years beginning with the month in which the industrial undertaking is set up of commercial production is commenced, whichever is later.

Coal Mining Projects in Sindh

[Clause 132B (Part I, Second Schedule) & clause 11A (Part IV, Second Schedule)]

Clause 132B is proposed to be inserted to provide exemption to profits and gains derived by a taxpayer from a coal mining project in Sindh, supplying coal exclusively to power generation projects. Clause 11A has also been modified to provide exemption from minimum tax.

Foreign Direct Investment-Equity

[Clause 18A, Part II, Second Schedule]

Clause 18A is proposed to be inserted to provide exemption for 5 years to industrial undertaking set up between July 1, 2014 and June 30, 2017. The proposed exemption is subject to the condition that fifty percent of the cost of project including working capital financing, is through owner equity foreign direct investment.

Pilots

[Clause 1, 1AA (Part III, Second Schedule)]

Taxation of **pilots** is proposed to be modified by modification of clause 1 and insertion of clause 1AA whereby it is proposed that total allowances received

by pilots of any Pakistani airlines shall be taxed at a rate of 7.5%, provided that the reduction under this clause shall be available to so much of the allowances as exceeds an amount equal to basic pay.

Behbood Saving Certificates

[Clause 5 (Part III, Second Schedule)]

Facility of maximum limit of 10% tax on Behbood Saving Certificates and Pensioner Benefit Accounts is proposed to be withdrawn.

Third Schedule

[Part II]

Rate of initial allowance in respect of building is proposed to be reduced from 25% to 10%.

Seventh Schedule

[Rule 6, 6A & 6B]

Rule 6 is proposed to be modified to increase the rate of tax on capital gains on sale of share of listed companies to 12.5% while dividend and capital gain are proposed to be charged to tax on net income basis.

The net income from dividend is proposed to be computed according to the following formula, namely:

$$A / C * B$$

Where:

A is the total amount of expenditure as per Seventh Schedule

B is the gross amount of dividend received

C is the gross amount of receipts including dividend.

The net income from capital gains is proposed to be computed according to the following formula, namely:

$$A / C * B$$

Where:

A is the total amount of expenditure as per Seventh Schedule

B is the gross amount of capital gains

C is the gross amount of receipts including capital gains.

Miscellaneous Technical Corrections

[Section 2(8), (9), (10) & 11, Section 4A & clause 11 (Part III, Second Schedule) Section 8, 13, 18, 21, 31, 56A, 59AA, 122B, 127, 156, 159, 169, 239, Part IIA (First Schedule), clause 4, 81A, 88A, 93A, 135 (Part I, Second Schedule), clause 3A, 29, 30 (part II, Second Schedule), clause 10, 10A, 38B, 38C, 80, 84, 85, 87, 88 (Part IV, Second Schedule)]

Minor technical corrections/ spelling corrections/ withdrawal of redundant exemptions/ merger of exemption clauses are proposed except that proposed change in section 59AA appears to be incorrect as the said proposed change has already been made by Finance Act 2007.

4. SALES TAX

Retail Price

[Section 2(27)]

It is proposed to insert proviso in the definition of Retail Price whereby Board may determine highest retail price for any brand or variety of goods of specific zones or area.

Scope of Tax

[Section 3(2)(aa)]

To broaden tax base, the bill seeks to add a new clause to charge tax on goods that are specified in Eighth Schedule subject to such condition and limitation as mentioned therein.

[Section 3(3B)] www.imranghazi.com/mtba

The bill proposed to insert a new sub-section for charging, collection and payment of tax on import and supply of goods as specified in Ninth Schedule at such rates, manner, conditions and time as specified therein.

[Section 3(9)]

The bill seeks to introduce a new sub-section to charge additional sales tax through monthly electricity bill of retailers as follows;

- monthly bill does not exceed Rs 20,000	5%
- monthly bill exceeds Rs 20,000	7.5%

Zero Rating

[Section 4(1)(d)]

It is proposed to substitute “zero rated goods” with “goods supplied at reduced rate of sales tax”.

Determination of Tax Liability

[Section 7(1)]

It is proposed to insert words “excluding the amount of further tax under subsection (1A) of Section 3” after the word “output tax”.

It is further proposed to insert new clause to specify following goods and services against which input tax is claimed;

- a) imported or purchased for the purpose of sale or re-sale by the registered person on payment of tax;
- b) used directly as raw material, ingredient, part, component or packing material by the registered person in the manufacture or production of taxable goods;
- c) electricity, natural gas and other fuel consumed directly by the registered person in his declared business premises for the manufacture, production or supply of taxable goods; or
- d) plant, machinery and equipment used by the registered person in his declared business premises for the manufacture, production or supply of taxable goods.

Tax Credit Not Allowed

[Section 8]

The bill proposed to insert four new clauses to further broaden scope of inadmissible tax credit arising out of;

- goods and services not related to the taxable supplies made by the registered person.
- goods and services acquired for personal or non-business consumption
- goods used in , or permanently attached to, immovable property, such as building and construction material, paints, electrical and sanitary fittings, pipes, wires and cables but excluding such goods acquired for sale or re-sale or for direct use in the production of manufacture of taxable goods;
- Vehicle falling in Chapter 87 of the First Schedule to the Customs Act, parts of such vehicles, electrical and gas appliances, furniture, furnishings,

Posting of Inland Revenue Officer

[Explanation of Section 40B]

It is proposed to insert an explanation to declare that powers of Board or Chief Commissioner to appoint an officer in the premises of registered person for monitoring of production, sale, stock position etc are independent of Section 40 i.e. Search Warrant. www.imranghazi.com/mtba

Electronic Scrutiny and Intimation

[Section 50B]

The bill seeks to implement an automated electronic system that objectively scrutinize, make analysis, cross matching of return and available data and send intimation to the registered person in the form of advice to clarify the issue or rectify mistakes; if any.

Fifth Schedule

It is proposed to insert following new items in the fifth schedule being zero rated supplies;

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S.NO.	DESCRIPTION	PCT HEADING
9	Goods exempted under Section 13, if exported by a manufacturer who makes local supplies of both taxable and exempt goods	
10	Petroleum Crude Oil	2709.0000
11	Raw material, components, sub-components and parts, if imported or purchased locally for use in the manufacturing of such plant & machinery as is chargeable to sales tax at the rate of zero percent subject to condition that importer or purchaser holds valid sales tax registration etc.	

In addition to the above, it is further proposed to insert following items of dairy and stationary industry and input materials of these industries in fifth schedule from SRO 670(I)/2013 dated 18.07.2013 and rescission of the notification is also proposed.

	PARTICULARS	PCT HEADINGS
(i)	Colors in sets	3213.1000
(ii)	Writing, drawing and marking inks	3215.9010 and 3215.9090
(iii)	Erasers	4016.9210 and 4016.9290
(iv)	Exercise books	4820.2000
(v)	Pencil sharpeners	8214.1000
(vi)	Geometry boxes	9017.2000
(vii)	Pens, ball pens, markers and porous tipped pens	96.08
(viii)	Pencils including color pencils	96.09
(ix)	Milk including flavored milk	04.01 and 0402.9900
(x)	Yogurt	0403.1000
(xi)	Cheese	0406.1010
(xii)	Butter	0405.1000
(xiii)	Cream	04.01 and 04.02
(xiv)	Desi ghee	0405.9000
(xv)	Whey	04.04
(xvi)	Milk and cream, concentrated and added sugar or other sweetening matter	0402.1000
(xvii)	Preparations for infant use put up for retail sale	1901.1000
(xviii)	Fat filled milk	1901.9090
(xix)	Bicycles	87.12

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Sixth Schedule & Eighth Schedule

Exemption

It is proposed to insert following new entries in Sixth Schedule

S.NO.	DESCRIPTION	PCT HEADING
24	Vegetable oil etc.	1511.1000
59	Cochlear implants systems – hearing aids	99.37
109	Goods imported temporarily subject to certain conditions	Respective headings
113	High efficiency irrigation equipment	8413.7010, 8424.8100, 8424.2010, 8481.1000, 8481.3000, 9026.2000, 9032.8990
114	Green House Farming and other related equipment	8430.3100, 8430.3900, 9406.0010
115	Plant, machinery and equipment for fruit processing and preservation units in Gilgit-Baltistan, Baluchistan and Malakand	Respective headings
116	Plant, machinery and equipment imported for setting up industries in FATA Subject to conditions applicable under Customs Act, 1969.	Respective headings

Sales tax rate is proposed to be applicable on supplies of following items

DESCRIPTION	HS CODE	SALES TAX RATE
Oilseeds meant for sowing, subject to certain conditions	Respective headings	5%
Cinema to graphic film exposed and developed	3706.1000, 3706.9000	17%
Platinum	7110.1100, 7110.1900	17%
Palladium	7110.2100, 7110.2900	17%
Diamonds	7102.2100, 7102.2900, 7102.3900	17%

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DESCRIPTION	HS CODE	SALES TAX RATE
Precious Stones	7103.1000 7103.9100 7103.9900	17%
Synthetic or reconstructed stones, precious or semi-precious	7104.1000 7104.2000 7104.9000	17%
Re-meltable Scrap	72.04	17%
Raw cotton and ginned cotton	Respective headings	5%
Soya bean meal	2304.0000	5%
Oil cake and other solid residues, whether or not ground or in the form of pellets	2306.1000	5%
Directly reduced iron	72.03	5%
Purpose build taxis, subject to certain conditions	8703.3226 8703.3227	17%
Machinery and equipment for development of grain handling and storage facilities	Respective headings	5%
Cool chain machinery and equipment	Respective headings	5%
Certain items imported by call centre, business processing outsourcing facilities approved by telecommunication authority	Various	5%
Machinery, equipment and other items required by hotels, Recreational services Related projects etc approved by Tourism Ministry	Respective headings	17%
Machinery, equipment and capital goods, specialized vehicles, spares, chemicals and consumables etc meant for mineral exploration phase	Respective headings	5%
Complete plants for relocated Industries	Respective headings	5%
Machinery, equipment and other capital goods etc for certain service sectors	Respective headings	17%
Machinery, equipment and capital goods imported for Establishing wholesale / retail chain stores	Respective headings	17%
Machinery, equipment and capital goods for oil refining, petrochemical, etc.	Respective headings	5%

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DESCRIPTION	HS CODE	SALES TAX RATE
Air handling Units	Respective headings	17%
Certain Valves, tubes, fans etc items imported by manufacturing sectors	Respective headings	17%
Proprietary formwork systems for building structures subject to certain conditions	7308.4000 3917.2390 3926.9099 7308.4000 7308.9090 7318.1590 7318.1690 7318.1900 7318.2290 8205.2000 8205.5900 8425.4900	5%
Heat ventilation air conditioner	8415.8200	17%
Certain machinery and equipment related to broad casting	Various	17%
Machinery and equipment imported by surgical industry	8460.0000	17%
Machinery and equipment imported by cutlery industry	Various	17%
Import of plant and machinery not manufactured locally and having no compatible local substitute subject to certain conditions	Respective headings	17%
Import of rapeseed, sunflower seed and canola seed by solvent extraction industries previously subject to reduced rate of 14%	Respective headings	17%

5. FEDERAL EXCISE DUTY***Determination of Value for the purposes of Duty***

[Section 12 (4)]

It is proposed to insert a new proviso to empower Board to specify zones or areas only for the purposes of determination of highest retail price for any brand or variety of goods.

It seems some error in Bill with respect to section reference.

Locally Produced Cigarettes

[S. No.09 & 10, Table I, First Schedule]

It is proposed to substitute following to redefine locally produce cigarettes as well as to increase the rate of federal excise duty.

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DESCRIPTION OF GOODS	HEADING/SUB-HEADING NUMBER	RATE OF DUTY
(2)	(3)	(4)
Locally produced cigarettes if their on pack printed retail price exceeds Rs 2,706 per 1000 cigarettes	24.02	Rs. 2,632 per 1,000 cigarettes
Locally produced cigarettes if their on pack printed retail price does not exceeds Rs 2,706 per 1000 cigarettes	24.02	Rs.1,085 per 1,000 cigarettes

It is further proposed to change the “Restriction on variants at different price points” as applicable from the day of announcement of Budget 2012-13 to current financial year.

Portland Cement, Aluminous Cements, Super Sulphate Cements whether or not coloured or in the form of clinker

[S. No.13, Table I, First Schedule]

It is proposed to change Federal Excise Duty from specific basis of Rs. 400 per M. Ton to 5% of the retail price.

Imported & Locally Manufactured Motor Vehicles exceeding 1800 cc

[S. No.13, Table I, First Schedule]

It is further proposed to levy Federal Excise Duty @10% on imported motor cars, SUVs and other motor vehicles exceeding 1800cc principally designed for transport of person including station wagons and racing cars etc.

It is proposed to withdraw Federal Excise Duty @10% on locally manufactured motor cars, SUVs and other motor vehicles exceeding 1800cc principally designed for transport of person including station wagons and racing cars etc.

Facilities for International Travel

[S. No.3,(b), Table II, First Schedule]

It is proposed to enhance Federal Excise Duty on the facilities of international travel for various classes as follows;

DESCRIPTION	OLD	PROPOSED
	Rupees	
Economy & economy plus	3,840	5,000
Club, business and first class	6,840	10,000

Telecommunication Services

[S. No.6, Table II, First Schedule]

It is proposed to exclude telecommunication services which are taxable to Provincial Sales Tax.

It is further proposed to reduce Federal Excise Duty from 19.5% to 18% on telecommunication services.

Chartered Flights

[S. No.15, Table II, First Schedule]

It is proposed to levy Federal Excise Duty @ 16% of charges on chartered flights.

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Customs-station

[Section 2 (k), (m)]

It is proposed to re-define “custom station” by merging two definitions under sub section (k) & (m) of Section 2.

Assistance to the Officers of Customs

[Section 7]

It is proposed to substitute the word “Central” with the word “Federal”.

Goods Dutiable

[Section 18 (1A)]

It is proposed to insert a new sub-section to levy specified rates of customs duty on goods or class of goods specified in Fifth Schedule.

Special Customs Duty on Imported Goods

[Section 18A]

It is proposed to substitute the words “Central Excise and Salt Act, 1944” with Federal Excise Act 2005”.

Value of Imported and Exported Goods-Transaction value of identical goods

[Section 25(5) (d)]

It is proposed to omit clause “d” of sub-section 5 of Section 25 and its reference in sub-section 6 of section 25 for rational application of valuation data.

False statement, error, etc.

[Section 32.(2),(3) & (3A)]

It is proposed to insert word “taxes” to recover non-levied or short levied taxes.

Checking of Goods Declaration by the Custom

[Section 80]

It is proposed to insert words “taxes and other charges” to include taxes and other charges in final determination of liability.

Provisional determination of liability

[Section 81]

It is proposed to insert words “taxes and other charges” after the word “duty’ in first proviso of sub-section 1. It is further proposed to substitute the words “taxes and other charges” for the word “tax” in second proviso of sub-section 1.

Special Judge, etc. to have exclusive jurisdiction

[Section 185B (a)]

It is proposed to substitute clause a for trial of narcotics and narcoatcis substance cases in the Special Courts constituted under the Control of Narcotic Substance Act, 1997.

Appellate Tribunal

[Section 194 (3)]

It is proposed to substitute words “Customs and Excise Group” with the word “Pakistan Customs Service”. It is further proposed to reduce the experience to three years for appointment as technical member of Appellate Tribunal at par with Section 130 of Income Tax Ordinance, 2001.

BUDGET DIGEST

2014-15

First Schedule

Increase in Custom Duty

- It is proposed to increase custom duty on 438 items from 0% to 1%. The respective PCT codes are as follows;

27.04	0703.2000	1207.2100	2711.1400	3207.4010	4102.1010	4403.4990	4821.1040	7201.1000	8471.6030
0102.2110	0704.1000	1207.2900	2711.1910	3207.4090	4102.1020	4403.9100	4901.9100	7201.2000	8471.6090
0102.2120	0713.1000	1207.3000	2711.2100	3403.1131	4102.2110	4403.9200	4901.9910	7201.5000	8471.7010
0102.2130	0713.2010	1207.4000	2713.1200	3403.9131	4102.2120	4403.9900	4901.9990	7203.1000	8471.7020
0102.2190	0713.2020	1207.5000	2713.2000	3404.9030	4102.2900	4404.1000	4902.1000	7203.9000	8471.7030
0102.2910	0713.2090	1207.6000	2714.1000	3404.9040	4103.2000	4404.2000	4902.9000	7204.1010	8471.7040
0102.2920	0713.3100	1207.7000	2714.9000	3505.2030	4103.9010	4405.0000	4903.0000	7204.1090	8471.7050
0102.2930	0713.3200	1207.9900	2715.0000	3701.1000	4103.9020	4406.1000	5004.0000	7204.2100	8471.7060
0102.2990	0713.3300	1209.1000	2716.0000	3803.0000	4103.9090	4406.9000	5005.0000	7204.2900	8471.7090
0102.3100	0713.3400	1209.2100	2818.3000	3808.9130	4104.1100	4407.1000	5101.1100	7204.3000	8471.8010
0102.3900	0713.3500	1209.2200	2829.9000	3808.9140	4104.1900	4407.2100	5101.1900	7204.4100	8471.8090
0102.9000	0713.3910	1209.2300	2835.3100	3808.9210	4104.4100	4407.2200	5101.2100	7204.4910	8471.9010
0104.1000	0713.3920	1209.2400	2905.3100	3808.9220	4104.4900	4407.2500	5101.2900	7204.4930	8471.9020
0104.2000	0713.3990	1209.2500	2909.1910	3808.9290	4105.1000	4407.2600	5101.3000	7204.4990	8471.9090
0201.1000	0713.4010	1209.2900	2916.1400	3809.9110	4105.3000	4407.2700	5105.2100	7204.5000	8473.3010
0201.2000	0713.4020	1209.3000	2916.1910	3824.1000	4106.2100	4407.2800	5105.2900	7225.1100	8473.3020
0201.3000	0713.5000	1209.9110	2924.1920	3906.9030	4106.2200	4407.2900	5201.0030	7225.1900	8473.3090
0202.1000	0713.6000	1209.9120	2926.1000	3906.9040	4106.4000	4407.9100	5201.0040	7311.0010	8473.4000
0202.2000	0713.9010	1209.9130	3102.1000	3919.1010	4106.9100	4407.9200	5201.0050	7311.0020	8473.5000
0202.3000	0713.9020	1209.9190	3102.2100	3926.9050	4106.9200	4407.9300	5201.0060	7326.1920	8502.1110
0204.1000	0713.9030	1209.9900	3102.2900	4001.1000	4107.1100	4407.9400	5201.0070	7403.1100	8502.1390
0204.2100	0713.9090	1212.9200	3102.3000	4001.2100	4107.1200	4407.9500	5201.0080	7404.0010	8517.6930
0204.2200	0801.1910	2507.0000	3102.4000	4001.2200	4107.1900	4407.9900	5201.0090	7404.0090	8517.6970
0204.2300	0904.1130	2510.1000	3102.5010	4001.2900	4107.9100	4413.0000	5301.1000	7601.1000	8517.6980
0204.3000	0904.2120	2510.2000	3102.5090	4001.3000	4107.9200	4701.0000	5301.2100	7601.2000	8523.8050
0204.4100	0909.2100	2523.1000	3102.6000	4002.1100	4107.9900	4702.0000	5301.2900	7602.0090	8528.4190
0204.4200	0909.2200	2523.2900	3102.8000	4002.1900	4112.0000	4703.1100	5301.3000	7802.0000	8528.5100
0204.4300	0909.3100	2602.0000	3102.9000	4002.2000	4113.1000	4703.1900	5302.1000	8443.3210	8539.3910
0204.5000	0909.3200	2610.0000	3103.1000	4002.3100	4113.3000	4703.2100	5302.9000	8443.3220	8539.3920
0511.1000	0909.6100	2615.1000	3103.9000	4002.3900	4113.9000	4703.2900	5303.1010	8443.3230	8548.1010
0511.9110	0909.6200	2701.1200	3104.2000	4002.4100	4302.1910	4704.1100	5303.1020	8443.3240	8702.9020
0601.1010	1005.1000	2701.1900	3104.3000	4002.4900	4303.9000	4704.1900	5303.1090	8443.3250	8702.9030
0601.1090	1006.1010	2709.0000	3104.9000	4002.5100	4304.0000	4704.2100	5303.9000	8443.3290	8905.1000
0601.2000	1007.1000	2710.1210	3105.1000	4002.5900	4401.1000	4704.2900	5305.0010	8443.9950	8908.0000
0602.1000	1007.9000	2710.1220	3105.2000	4002.6000	4401.2100	4705.0000	5305.0020	8471.3010	9019.2010
0602.2000	1008.3000	2710.1230	3105.3000	4002.7000	4401.2200	4706.2000	5305.0090	8471.3020	9027.1000
0602.3000	101.0010	2710.1911	3105.4000	4002.8000	4401.3100	4706.3000	5402.4410	8471.3090	9027.2000
0602.4000	1201.1000	2710.1912	3105.5100	4002.9100	4401.3900	4706.9100	5608.1100	8471.4110	9027.3000
0602.9010	1201.9000	2710.1913	3105.5900	4002.9900	4402.1000	4706.9200	5608.1900	8471.4120	9027.5000
0602.9090	1204.0000	2710.1919	3105.6000	4101.2000	4402.9000	4706.9300	5608.9000	8471.4190	9027.8000
0701.1000	1205.1000	2710.1921	3105.9000	4101.5010	4403.1000	4707.1010	5806.4000	8471.4900	9027.9000
0701.9000	1205.9000	2711.1100	3201.2000	4101.5020	4403.2000	4707.2010	7102.1000	8471.5000	9606.2910
0702.0000	1206.0000	2711.1200	3204.1300	4101.5090	4403.4100	4707.3010	7102.3100	8471.6010	
0703.1000	1207.1000	2711.1300	3204.1510	4101.9000	4403.4910	4707.9010	7103.1000	8471.6020	

BUDGET DIGEST

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- It is proposed to increase the custom duty on following 40 items;

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Food preparations not elsewhere specified or included.	2106.9030	10	25
Synthetic organic colouring matter, whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophores, whether or not chemically defined.	3204.1590	5	15
	3204.1910	5	15
	3204.1990	5	15
Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils.	2710.1996	5	10
Other colouring matter; preparations as specified in Note 3 to this Chapter, other than those of heading 32.03, 32.04 or 32.05; inorganic products of a kind used as luminophores, whether or not chemically defined.	3206.4990	5	10
Flat- rolled products of other alloy steel, of a width of 600 mm or more.	7225.3000	5	10
	7225.4000	5	10
	7225.5000	5	10
	7225.9100	5	10
	7225.9200	5	10
	7225.9900	5	10
Flat- rolled products of other alloy steel, of a width of less than 600 mm.	7226.1100	5	10
	7226.1900	5	10
	7226.2000	5	10
	7226.9100	5	10
	7226.9200	5	10
	7226.9900	5	10
Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases.	8421.1900	5	10
Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28.	8517.6210	5	10
	8517.6220	5	10
	8517.6230	5	10
	8517.6240	5	10
	8517.6250	5	10
	8517.6260	5	10
	8517.6910	5	10
	8517.6920	5	10
	8517.6940	5	10
	8517.6950	5	10
	8517.6960	5	10
	8517.6990	5	10
Discs, tapes, solid- state non- volatile storage devices, "smart cards" and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, but excluding products of Chapter 37.	8523.4910	5	10
Transmission apparatus for radio- broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders.	8525.6010	5	10
	8525.6020	5	10
	8525.6060	5	10
	8525.6070	5	10
Reception apparatus for radio- broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock.	8527.9910	5	10
Starches; inulin.	1108.1300	10	15
Synthetic organic colouring matter, whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophores, whether or not chemically defined.	3204.1100	10	15
Electrical transformers, static converters (for example, rectifiers) and inductors.	8504.4090	10	15

BUDGET DIGEST

2014-15

Decrease in Custom Duty

- It is proposed to reduce the custom duty on following 354 items;

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Petroleum coke, petroleum bitumen and other residues of petroleum oils or of oils obtained from bituminous minerals.	2713.1100	5	1
Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils.	2710.1995	15	10
Starches; inulin.	1108.1200	20	15
Electrical transformers, static converters (for example, rectifiers) and inductors.	8504.4010	20	15
Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa.	0403.1000	30	25
	0403.9000	30	25
	0405.1000	30	25
Butter and other fats and oils derived from milk; dairy spread.	0405.2000	30	25
	0405.9000	30	25
	0406.1010	30	25
	0406.1020	30	25
Cheese and curd.	0406.1090	30	25
	0406.2000	30	25
	0406.3000	30	25
	0406.4000	30	25
	0406.9000	30	25
Natural honey.	0409.0000	30	25
	0804.1010	30	25
	0804.1020	30	25
	0804.2000	30	25
	0804.3000	30	25
Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried.	0804.4000	30	25
	0804.5010	30	25
	0804.5020	30	25
	0804.5030	30	25
	0804.5040	30	25
	0804.5050	30	25
	0804.5090	30	25
	0805.1000	30	25
	0805.2010	30	25
Citrus fruit, fresh or dried.	0805.2090	30	25
	0805.4000	30	25
	0805.5000	30	25
	0805.9000	30	25
Grapes, fresh or dried.	0806.1000	30	25
	0806.2000	30	25
	0807.1100	30	25
Melons (including watermelons) and papaws (papayas), fresh.	0807.1900	30	25
	0807.2000	30	25
	0808.1000	30	25
Apples, pears and quinces, fresh.	0808.3000	30	25
	0808.4000	30	25
	0809.1000	30	25
	0809.2100	30	25
Apricots, cherries, peaches (including nectarines), plums and sloes, fresh.	0809.2900	30	25
	0809.3000	30	25
	0809.4000	30	25

BUDGET DIGEST

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DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Other fruit, fresh.	0810.1000	30	25
	0810.2000	30	25
	0810.3000	30	25
	0810.4000	30	25
	0810.5000	30	25
	0810.6000	30	25
	0810.7000	30	25
	0810.9010	30	25
	0810.9090	30	25
Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter.	0811.1000	30	25
	0811.2000	30	25
	0811.9000	30	25
	0812.1000	30	25
Fruit, dried, other than that of headings 08.01 to 08.06; mixtures of nuts or dried fruits of this Chapter.	0812.9000	30	25
	0813.1000	30	25
	0813.2000	30	25
	0813.3000	30	25
	0813.4020	30	25
	0813.4030	30	25
	0813.4040	30	25
	0813.4050	30	25
	0813.4060	30	25
	0813.4070	30	25
Peel of citrus fruit or melons (Including watermelons) fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions.	0813.4090	30	25
	0813.5000	30	25
Sugar confectionery (including white chocolate), not containing cocoa.	0814.0000	30	25
	1704.1000	30	25
	1704.9010	30	25
Chocolate and other food preparations containing cocoa.	1704.9090	30	25
	1806.1000	30	25
	1806.2010	30	25
	1806.2090	30	25
	1806.3100	30	25
	1806.3200	30	25
	1806.9000	30	25
Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 04.01 to 04.04, not containing cocoa or containing less than 5 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included.	1901.9010	30	25
	1901.9020	30	25
	1901.9090	30	25
Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared.	1902.1100	30	25
	1902.1910	30	25
	1902.1920	30	25
	1902.1990	30	25
	1902.2000	30	25
	1902.3000	30	25
	1902.4000	30	25
Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, corn flakes). cereals (other than maize (corn)) in grain form or in the form of flakes or other worked grains (except flour, groats and meal), pre-cooked or otherwise prepared, not elsewhere specified or included.	1904.1010	30	25
	1904.1090	30	25
	1904.2000	30	25
	1904.3000	30	25
	1904.9000	30	25

BUDGET DIGEST

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DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products.	1905.1000	30	25
	1905.2000	30	25
	1905.3100	30	25
	1905.3200	30	25
	1905.4000	30	25
	1905.9000	30	25
Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid.	2001.1000	30	25
	2001.9010	30	25
	2001.9090	30	25
Tomatoes prepared or preserved otherwise than by vinegar or acetic acid.	2002.1000	30	25
	2002.9010	30	25
	2002.9090	30	25
Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid.	2003.1000	30	25
	2003.9000	30	25
Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 20.06.	2004.1000	30	25
	2004.9000	30	25
Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 20.06.	2005.1000	30	25
	2005.2000	30	25
	2005.4000	30	25
	2005.5100	30	25
	2005.5900	30	25
	2005.6000	30	25
	2005.7000	30	25
	2005.8000	30	25
	2005.9100	30	25
	2005.9900	30	25
Vegetables, fruit, nuts, fruit- peel and other parts of plants, preserved by sugar (drained, glacé or crystallised).	2006.0000	30	25
	2007.1000	30	25
Jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter.	2007.9100	30	25
	2007.9900	30	25
	2008.9300	30	25
Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included.	2008.9700	30	25
	2008.9900	30	25
	2009.1100	30	25
Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.	2009.1200	30	25
	2009.1900	30	25
	2009.2100	30	25
	2009.2900	30	25
	2009.3100	30	25
	2009.3900	30	25
	2009.4100	30	25
	2009.4900	30	25
	2009.5000	30	25
	2009.6100	30	25
	2009.6900	30	25
	2009.7100	30	25
	2009.7900	30	25
	2009.8100	30	25
	2009.8900	30	25
	2009.9000	30	25

BUDGET DIGEST

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DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Sauces and preparations thereof; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard.	2103.1000	30	25
	2103.2000	30	25
	2103.3000	30	25
	2103.9000	30	25
Soups and broths and preparations thereof; homogenised composite food preparations.	2104.1000	30	25
	2104.2000	30	25
Ice cream and other edible ice, whether or not containing cocoa	2105.0000	30	25
Food preparations not elsewhere specified or included.	2106.1010	30	25
	2106.1090	30	25
	2106.9010	30	25
	2106.9020	30	25
	2106.9040	30	25
	2106.9050	30	25
	2106.9060	30	25
	2106.9090	30	25
Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow.	2201.1010	30	25
	2201.1020	30	25
	2201.9000	30	25
Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non- alcoholic beverages, not including fruit or vegetable juices of heading 20.09.	2202.1010	30	25
	2202.1090	30	25
	2202.9000	30	25
Preparations of a kind used in animal feeding.	2309.1000	30	25
Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.	2402.1000	30	25
	2402.2000	30	25
Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences.	2402.9000	30	25
	2403.1100	30	25
	2403.1900	30	25
	2403.9100	30	25
	2403.9910	30	25
	2403.9990	30	25
Perfumes and toilet waters.	3303.0010	30	25
	3303.0020	30	25
	3303.0090	30	25
Beauty or make- up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations.	3304.1000	30	25
	3304.2000	30	25
	3304.3010	30	25
	3304.3090	30	25
	3304.9110	30	25
	3304.9120	30	25
	3304.9190	30	25
	3304.9910	30	25
	3304.9920	30	25
3304.9990	30	25	

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DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Preparations for use on the hair.	3305.1000	30	25
	3305.2000	30	25
	3305.3000	30	25
	3305.9010	30	25
	3305.9020	30	25
	3305.9090	30	25
Preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual retail packages.	3306.1010	30	25
	3306.1090	30	25
	3306.2000	30	25
	3306.9000	30	25
Pre- shave, shaving or after- shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties.	3307.1000	30	25
	3307.2000	30	25
	3307.3000	30	25
	3307.4100	30	25
	3307.4900	30	25
	3307.9010	30	25
Soap; organic surface- active products and preparations for use as soap, in the form of bars, cakes, moulded pieces or shapes, whether or not containing soap; organic surface- active products and preparations for washing the skin, in the form of liquid or cream and put up for retail sale, whether or not containing soap; paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent.	3401.1100	30	25
	3401.1900	30	25
	3401.2000	30	25
	3401.3000	30	25
Worked monumental or building stone (except slate) and articles thereof, other than goods of heading 68.01; mosaic cubes and the like, of natural stone (including slate), whether or not on a backing; artificially coloured granules, chippings and powder, of natural stone (including slate).	6802.2100	30	25
	6802.2300	30	25
	6802.2900	30	25
	6802.9100	30	25
	6802.9200	30	25
	6802.9300	30	25
Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing.	6907.1000	30	25
	6907.9000	30	25
Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing.	6908.1000	30	25
	6908.9010	30	25
Ceramic sinks, wash basins, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures.	6908.9090	30	25
	6910.1010	30	25
	6910.1020	30	25
	6910.1030	30	25
	6910.1040	30	25
	6910.1050	30	25
	6910.1060	30	25
	6910.1070	30	25
	6910.1080	30	25
	6910.1090	30	25
Tableware, kitchenware, other household articles and toilet articles, of porcelain or china.	6910.9000	30	25
	6911.1010	30	25
	6911.1020	30	25
	6911.1030	30	25
	6911.1040	30	25
	6911.1090	30	25
	6911.9000	30	25

BUDGET DIGEST

2014-15

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Ceramic tableware, kitchen- ware, other household articles and toilet articles, other than of porcelain or china.	6912.0010	30	25
	6912.0090	30	25
Statuettes and other ornamental ceramic articles.	6913.1000	30	25
	6913.9000	30	25
Other ceramic articles.	6914.1000	30	25
	6914.9000	30	25
Stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas- rings, plate warmers and similar non- electric domestic appliances, and parts thereof, of iron or steel.	7321.1110	30	25
	7321.1190	30	25
	7321.1200	30	25
	7321.1900	30	25
	7321.8100	30	25
	7321.8200	30	25
	7321.8900	30	25
Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters.	7321.9000	30	25
	8414.5110	30	25
	8414.5120	30	25
	8414.5130	30	25
Air conditioning machines, comprising a motor- driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated.	8414.5140	30	25
	8414.5190	30	25
	8415.1010	30	25
	8415.1020	30	25
	8415.1030	30	25
Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines of heading 84.15.	8415.1090	30	25
	8415.8100	30	25
	8415.8200	30	25
	8415.8300	30	25
	8418.1000	30	25
	8418.2100	30	25
Household or laundry- type washing machines, including machines which both wash and dry.	8418.2900	30	25
	8418.3000	30	25
	8418.4000	30	25
	8418.5000	30	25
	8418.6930	30	25
Electro- mechanical domestic appliances, with self- contained electric motor, other than vacuum cleaners of heading 85.08.	8450.1100	30	25
	8450.1200	30	25
	8450.1900	30	25
	8450.2000	30	25
	8450.9000	30	25
	8509.4010	30	25
	8509.4020	30	25
	8509.4030	30	25
	8509.8000	30	25

BUDGET DIGEST

2014-15

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electro-thermic hair-dressing apparatus (for example, hair dryers, hair curlers, curling tong heaters) and hand dryers; electric smoothing irons; other electro-thermic appliances of a kind used for domestic purposes; electric heating resistors, other than those of heading 85.45.	8516.3100	30	25
	8516.3200	30	25
	8516.3300	30	25
	8516.4000	30	25
	8516.5000	30	25
	8516.6010	30	25
	8516.6020	30	25
	8516.6030	30	25
	8516.6090	30	25
	8516.7100	30	25
	8516.7200	30	25
	8516.7990	30	25
Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock.	8527.1200	30	25
	8527.1300	30	25
	8527.1900	30	25
Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus.	8528.7110	30	25
	8528.7190	30	25
	8528.7211	30	25
	8528.7212	30	25
	8528.7220	30	25
	8528.7290	30	25
	8528.7300	30	25
Revolvers and pistols, other than those of heading 93.03 or 93.04.	9302.0092	30	25
	9302.0093	30	25
	9302.0099	30	25
Other firearms and similar devices which operate by the firing of an explosive charge (for example, sporting shotguns and rifles, muzzle-loading firearms, Very pistols and other devices designed to project only signal flares, pistols and revolvers for firing blank ammunition, captive-bolt humane killers, line-throwing guns).	9303.1000	30	25
	9303.2011	30	25
	9303.2012	30	25
	9303.2019	30	25
	9303.2020	30	25
	9303.2090	30	25
	9303.3010	30	25
	9303.3020	30	25
	9303.3090	30	25
	9303.9000	30	25
	Other arms (for example, spring, air or gas guns and pistols, truncheons), excluding those of	9304.0000	30
9306.2100		30	25
Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof; cartridges and other ammunition and projectiles and parts thereof, including shot and cartridge wads.	9306.2900	30	25
	9306.3010	30	25
	9306.3090	30	25
	9306.9000	30	25
	9403.9000	30	25

BUDGET DIGEST

2014-15

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Other furniture and parts thereof.	9403.1000	30	25
	9403.2000	30	25
	9403.3000	30	25
	9403.4000	30	25
	9403.5010	30	25
	9403.5020	30	25
	9403.5030	30	25
	9403.6000	30	25
	9403.7000	30	25
	9403.8100	30	25
	9403.8900	30	25
Lamps and lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated name- plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included.	9403.9000	30	25
	9405.1010	30	25
	9405.1090	30	25
	9405.2000	30	25
	9405.3000	30	25
	9405.4090	30	25
Scent sprays and similar toilet sprays, and mounts and heads therefor; powder- puffs and pads for the application of cosmetics or toilet preparations.	9405.5000	30	25
	9405.6000	30	25
Vacuum flasks and other vacuum vessels, complete with cases; parts thereof other than glass inners.	9616.1000	30	25
	9616.2000	30	25
Discs, tapes, solid- state non- volatile storage devices, "smart cards" and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, but excluding products of Chapter 37.	9617.0010	30	25
	9617.0020	30	25
	8523.4110	20	10
	8523.4120	20	10
	8523.4190	20	10
	8523.4920	20	10
Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils.	8523.4930	20	10
	8523.4990	20	10
Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils.	2710.1997	15	1
Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28.	8517.1230	25	10

Fifth Schedule

It is proposed to insert a new schedule consolidating various exemptions and concessions allowed under various SROs i.e. SRO 567 and 575 of 2006 as amended from time to time. The concessions allowed under SRO 567 (1)/2006 are proposed to be included in Fifth Schedule.

BUDGET DIGEST

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The concessions allowed under SRO 575 (1) /2006 are proposed to be included in fifth schedule with changes. Concession to various items are proposed to be withdrawn and will now be chargeable to customs duty at such rates as may be applicable under general tariff.

Concessions to new items are also proposed in this schedule. Further, the rates of concessions are also propose be changed for various items previously enjoying concession under this SRO. Due to quantum of information, the details are not included in this document and can be requested separately through email to contact@jasb-associates.com.

It is proposed to exempt plant, machinery and equipment imported for setting up fruit processing and preservation industrial units in Gilgit-Baltistan, Baluchistan and Malakan Division from whole of custom duty.

It is also proposed to exempt plant, machinery and equipment imported for setting up industries in FATA from whole of custom duty.

7. OTHERS***Gas Infrastructure Development Cess Act, 2011****[Second Schedule]*

It is proposed to substitute the Second Schedule with the following;

S.NO.	SECTOR	MAXIMUM RATE OF CESS (RS./MMBTU)
1	Fertilizer- Feed Stock	300
2	Fertilizer –Fuel Stock	300
3	Compressed Natural Gas (CNG)	300
4	Industrial	300
5	Captive Power	300
6	WAPDA/KESC/GENCOs	300
7	Independent Power Plants (IPPs)	300
8	Commercial including ice factories	300
9	Cement	300
10	Liberty Power Plant	-
11	Domestic	-

Income Support Levy Act, 2013

Income Support Levy was introduced through Finance Act 2013 however after receiving reservations from various sections of society, Income Support Levy Act 2013 is proposed to be repealed.

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